

Fainstein Summary

In Fainstein's article, *The Changing World Economy and Urban Restructuring*, two analytical perspectives are examined. A strong neutrality is taken toward the observation of both viewpoints. The first perspective is the "Global" approach. This approach examines the development of international cities and how they have inevitably thrived/developed/declined in the larger scope based upon what area of specialization the particular Urban development initially pursued or made transitions to as the world economy changed. This approach ties "macroeconomic forces to urban outcomes". As the world market changes, the products that are demanded changes. The ability or foresight to recognize specific changes in practices of the global market is essential for financial survival.

The second approach focuses upon the internal aspects of physical and social advantages of a particular region with attention to the local political forces that play key roles in the acquisition and fiscal enticement of business development with regards to elements already present prior to development. In many circumstances, the political forces on the local level control the fate of a city. The example of Houston TX is said to have thrived from "well connected politician" and "an increased willingness to plan and manage growth". This suggests that political figures create, introduce, and execute legislation that is geared toward primarily enticing industry and creating a fertile business environment with the secondary focus upon its citizens as a workforce or consumer group.

Using the latter approach, Fainstein suggests that urban areas such as the rust belt which primarily focused upon the interconnected manufacturing and port industries, would greatly benefit from an innovative local leadership initiative that focused on regeneration and reorganization as a means to improve their “competitive position” in the changing global economy. Such examples given by Fainstein are the manufacturing based pairings of Pittsburgh and Sheffield, and the port industry pairings of Baltimore and Hamburg. In Pittsburgh and Sheffield, economic decline was seen as the world market began producing steel and metals in other more competitive regions. As local leaders devised plans for economic restructuring, a noticeable level of revival has taken place. The cities of Baltimore and Hamburg relied primarily on the port industry and subsequently saw “long periods of decline“. Again, innovative local government enticed investors towards new investment markets. Specifically, the now tech based Hamburg and the tourism based Baltimore.

Overall, the survival of established urban zones is hinged upon the ability to shift emphasis from onsite manufacturing to providing services related to information, finance, and management; while outsourcing labor to peripheral locations as a means to lower costs. The division of labor between the aforementioned factors has taken on global qualities as emerging labor markets develop in peripheral locations. Fainstein points out the cruel and obvious truth of the economic change and restructuring, “one of the main lessons of the past two decades is that the economic composition of places seems to have become less and less permanent”. This statement could be summed up into the overly simple “here today...gone tomorrow”. As corporations continue to search for the cheapest labor possible by utilizing peripheral locations in developing countries, the

model of decentralizing processes is being mimicked by the emerging and currently thriving service industries as a shift toward outsourcing labor in the same low cost labor pools.

Fainstein cites three major characteristics of state intervention aimed at economic regeneration. The first is the extent of governmental entrepreneurship. This factor shifts from the prior model of city government that was solely concerned with activities related to infrastructure and public utilities, to a newer approach that proactively seeks to promote and attract economic growth and host corporate development. The second is the amount of planning. While developers seek to create bigger, more economically advantageous endeavors; planning spaces for the existing lower classes to reside often falls under great financial scrutiny. The third characteristic is the level of priority for those who need it most. It is very uncommon for governments to allocate priority and funds to help improve the economic status of those in poverty. Apparently, a large demographic living in a welfare state is also a deterrent for foreign investors, which further divides classes and chisels away at the middle class.

The concentration of high skill, well paying positions in one place while restructuring all low and medium skilled labor in lower cost peripheral locations has societal implications as well. The division of labor has taken on extreme characteristics which result in a large number of high and low paid citizens, virtually eliminating the middle class. On the lower end of the spectrum, this phenomenon has affected and contributed to the rise in homelessness and the demise of “working class residential districts”, and lower birth rates. On the higher end of the spectrum, the demand for luxury has increased and spread its wings into the residential and domestic market s. An

obvious rise in the number of single member households has been noted, which goes beyond previously accepted gender constrictions; the bachelor and the bachelorette are now living single with no children, little responsibly, and high incomes.

The decline of economic growth in previously industrialized areas can be attributed to both perspective approaches in this piece. Of ideological interpretations, Fainstein states “The right attributes to economic decline are overpaid and unproductive workers, governmental welfarism, insufficient incentives to entrepreneurship and political intrusion into the market”. Basically, what is being stated here is that the need to acquire cheaper more efficient labor was brought about by unionism. The spread of the new global economy grew from this seed, which in turn drove the development of the new internationally focused service industry. Meanwhile, to survive economically investors needed to be enticed, which led to the shift in the duties of local government planners. The end result is a massive welfare state because of outsourcing and the division of high and low paid labor and the inevitable elimination of the middle class.